therefore, move for an additional allotment of Rs. 30 under "14-Education—Cranganur—Secondary Boys—Furniture", Rs. 30 under "14-Education—Cranganur—Secondary Girls—Furniture" and Rs. 25 under "14-Education—Cranganur—Primary Boys—Furniture". I request that these demands may be sanctioned by the House.

Mr. A. Eachara Menon *(Chittur-Rural):* From where is the furniture purchased?

Rao Sahib I. N. Menon *(Director of Public Instruction):* Furniture is usually bought from the local market or repaired in the local market.

Mr. A. Eachara Menon *(Chittur-Rural):* We generally find that furniture supplied in Tattamangalam are of inferior quality. *(Laughter).*

Demands put and carried

Admission to Visitors' galleries

Mr. M. K. Devassy *(Adur):* On a point of order, Sir, I understand that visitors are not allowed in the visitors' gallery, although the tickets have been issued. A lot of people are waiting outside on account of this.

Deputy President: There is no prohibition imposed.

RESOLUTION No. 1

Introducing an Insurance Bill in the lines of the Travancore Insurance Act

Mr. P. K. Madhava Menon *(Narakkal):* Sir, I move the following resolution.—

"*This Council recommends to the Government that they may be pleased to introduce an Insurance Bill in the Council on the lines of the Travancore Insurance Act*".

At present the law which regulates the working of Insurance companies in the State is the Indian Companies Act as made applicable to Cochin State. An Insurance Act was passed in British India in 1938 and similar laws have been passed in some of the native States including Travancore. My suggestion is that an Insurance Act should be passed in our State also.

A large volume of business is transacted in the State by the various companies operating here and it will be very useful if an Insurance Act is passed in order to protect the interests of policy-holders.

As matters stand at present considerable difficulties are experienced by beneficiaries of policy-holders in getting payment of claims arising by death. One chief reason for this is that the claims are made payable outside our State. If there is a law in the State,

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payment of claims can be enforced to be made in the State as far as policies issued in the State are concerned.

Vast amounts of money is collected in the State by way of premia every year. Now there is no law requiring the insurance companies to keep any portion of such premia in the State. As elsewhere a law enforcing a certain portion of the premium income to be deposited in our Treasury or in our Government or Municipal securities will be conducive to the better protection of the policy-holders. In Travancore every Life Insurance Company operating in the State is required to make an initial deposit of Rs. 50,000 with the Government. I see no reason why our State should not insist on such deposits being made by companies wanting to do insurance work here.

At present companies are not obliged to make periodical returns of their business to the Government. I think it will be advantageous if they are asked to submit such returns regularly.

Another drawback which has come to my notice is that nominations in the matter of payment of claims are at present not made valid in the State. According to the insurance laws prevailing elsewhere nominations are valid. Again our courts have no jurisdiction over these companies and this is a serious drawback when there happens to be any dispute between the company and a claimant.

As Government are compelling the princes to take up insurance policies as security for the payment of Rs. 10,000 advanced for house construction, it is necessary that the Government should take more interest to see that the insurance companies are working more satisfactorily than at present.

If companies are obliged to open offices in our State as elsewhere, the revenues of the State will also show some enhancement by way of income from profession tax, income-tax, etc.

These are some of the important features that I have to bring to the notice of the Government. I commend the resolution for the unanimous acceptance of the House, as I believe, it is not a controversial one.

***Mr. P. Govinda Menon** *(Mulakunnathukavu)* Mr. President, Sir, I have great pleasure to second the resolution moved by Mr. Madhava Menon. The Indian Insurance Act of 1938 passed by the Central Government of India is considered to be one of the most beneficial measures recently enacted by the Government of India. Sir N. N. Sircar who was then the Law Member of the

*Speech not corrected by the hon'ble member.

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Government of India and who has been responsible for sponsoring and making into law this Insurance Act has been raised to the skies by the public of British India in placing on the statute book the Insurance Act. Various benefits are given to the policy-holders by the enactment of that measure. It is stated that on account of the operation of the Insurance Act, no Insurance Company is unsafe in British India today. Policy-holders need not be anxious about the security of the monies deposited by them by way of premia. In case an Insurance Company fails, which it is stated is a very remote possibility, the Government will assume control of the company and the funds of the company will come into the hands of the Government, and the policy-holders will be paid by the Government direct.

There are other benefits also given to the policy-holders by the Insurance Act. For example, if there is a dispute with respect to the payment of amount between the policy-holder or his legal representative or assign on the one hand and the Insurance Company on the other, the rule now obtaining under the new Insurance Act is that the money should be deposited in the court so that whatever may be the dispute which exists between the Insurance Company and the policy-holder, the Insurance Act protects the policy-holder to a very great extent. In fact he need not be anxious about the money which he is investing in the various insurance companies. So also there are provisions for the exercise of stringent control by the Government on the operations of the Insurance Companies. Now there is the Indian Companies Act which itself exercises very great control on the limited companies operating in British India. But it has been considered necessary to treat Insurance Companies on a different footing from other companies, because of the large amounts of money which these Insurance Companies are dealing with belonging to their policy-holders, and because again for the reason that for several years these amounts are to remain with the Insurance companies without the policy-holder having any recourse to proceed against the insurance company, as the insurance period may last for several years, say 20, 25 or 30 or very often till the the death of the policy-holder. Because of these special features of insurance business, it has been considered necessary that special and stringent control on the part of the Government is necessary in order to secure the interest of the policy-holders. The question now raised is, whether it is not necessary to give the subjects of Cochin State also, the benefits similar to those given to the policy-holders in British India under the Indian Insurance Act. The Cochin Government is now unable to exercise any control whatsoever on the Insurance Companies which are operating in Cochin State to-day. They are free to canvass business in Cochin State unfettered by any rule, regulation or

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control on the part of the Cochin Government. The only control, if at all, which the State is able to exercise over these companies is one provided by the Companies Act, and I believe that that control could be exercised only if the company had places of business in Cochin State. Now it is a known fact that large amounts of money are being drained from Cochin State by way of insurance premia. As pointed out by the hon'ble mover, there are certain classes of people, for example, the Princes who have compulsorily under the rules now obtaining to insure when they take loans from Government. What is the corresponding control which the Government can exercise over these Insurance Companies? Some control is necessary. Suppose for one reason or other the policy-holder is unable to realise the policy amount when it matures, from an Insurance Company, say operating in Bombay or Calcutta. I cannot say that leading Insurance Companies will refuse to pay when the policy matures, because it is only through pleasing the policy-holders that they can get more and more business. So that it is in their own interest that they should pay promptly. But it is possible to conceive cases where honest disputes may arise between a claimant and the Insurance Company. In such cases, where are our policy-holders to go? If a suit has to be filed for the amount under the policy, where are they to file suits? If the company is operating in Calcutta the suit has to be filed in Calcutta. Now, if the policy amount is Rs. 50,000 or a lakh of rupees, we can very easily conceive the case of a policy-holder travelling all the way to Calcutta to enforce his claim against the Insurance Company. But we come across cases—and I think a large majority of cases belong to that category—where the policy amounts may be Rs. 500 or Rs. 1,000 or some such paltry amounts. Is it possible for such policy-holders to travel to such distant places in order to enforce their claims against the Insurance Company in case a dispute arises between the policy-holder and the insurance company? I remember a case where one or two years back a policy-holder had occasion to file a suit against an Insurance Company in the High Court of Madras. It happened that the company had its registration in Calcutta. The suit was dismissed on a question of jurisdiction. It was held that the suit ought to be filed in Calcutta and not in Madras.

Now if some control is exercised as suggested by Mr. Madhava Menon by enacting a measure as is now obtaining in other native States like Baroda, Travancore, etc., then very easily our Government can procure for such policy-holders ample benefits, which they stand to require under such circumstances. Therefore, my humble submission before this House is, it is high time that our Government enacts a measure. I do not speak about the details of the measure.

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It is for the experts to decide. It is for the lawyers and business-men to decide how to enact a measure under which Government can exercise control over the companies that operate in the State. The benefits that will accrue by such control, apart from the benefit to the policy-holders, are two-fold. The mushroom companies which are unable to conform to the rules and regulations of this Government will cease to operate in the State and thereby a benefit will follow to the subjects of the State.

Secondly, if we insist on amounts being invested in the Cochin State that will be a way by which capital will flow into the State as against large amounts ofcapital now flowing out of the State by way of insurance premia. I am not possessed of the details or figures, but I think the House will agree with me that large amounts are going every year, every month, nay every day from the people of this State by way of premia to foreign parts and often to northern India. That is a drain on the resources of the country. It is a flow of capital or money from this State to foreign parts which, if compelled to remain in this State, could be utilised for beneficial nation-building purposes. Suppose, for example, these companies have to invest money in the bonds issued by our State or by the Municipality or by the Land Mortgage Bank or any similar institution. What will be the result? The price of such bonds will go up or the rate of interest for new loans that may be floated may go down or the price of the property may go up. In any view of the matter it will increase the prosperity, it will increase the flow of money and it will increase the finances of the people of this State. For all these reasons, I request the hon'ble members of this House to ponder over this question and to request our Government to enact a measure by which they could exercise control over the Insurance Companies working here. I understand that similar measures are existing on the statute books of other native States, especially of Travancore. With these few words, I second the resolution moved by my Hon'ble friend Mr. Madhava Menon.

Mr. A. V. Moothedan *(Chalakkudi):* Sir, I support this motion. Now in Cochin State we have got legislations similar to those in British India. For instance, we have got Contract Act, we have got the Partnership Act, we have got the Companies Act and so on. We are more or less copying all British Indian enactments. But as regards Insurance we have not so far passed any law. The previous speakers have pointed out that it is very necessary that there should be some control over these companies working in the State. About a dozen years ago very few people used to insure their lives. Now almost everybody and even people who have got

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sufficient immoveable property are insuring their lives. Therefore, it is the duty of the Government to see that some safe-guards are placed on the companies working in the State. If a legislation is passed similar to the British Indian legislation, one of the effects will be the companies working here will be required to furnish security. They have to deposit in British India 2 lakhs of rupees, in Travancore they are asked to deposit Rs. 50,000. Here we may fix it at Rs. 25,000. Therefore it is quite necessary in the interests of the people, in the interests of the policy holders who are quite helpless, to fight against these companies whose head offices are in various distant places, to have some control on these Insurance Companies working here. I know one instance where a few years ago one Anglo-Indian gentleman in Ernakulam insured his life in a company having its head office in Bombay. After one or two years he died. The question arose whether he actually paid the premium in time, or whether he is a defaulter. The policy-holder's widow contended that he paid the amount in time. The company said he was a defaulter. To file the suit against the company she has to go to Bombay, because they have no branch in Cochin State. Therefore the poor woman had to surrender her claim. I hope that the Government would not oppose this resolution. Only they are going to have more power by having control over foreign companies and it is also again in the interest of the policy holders, people who have taken to their heads to insure their lives. Therefore I commend this resolution for the acceptance of the House.

Mr. C. R. Iyyunni *(Trichur-South):* On a point of information, may I know, how many Insurance Companies are working in the State and what is the amount of premia that is drained away from here and whether the companies that are operating in this State have made any deposits?

Mr. K. Achyuta Menon *(Secretary to Government):* There are very few companies operating here. There are no Insurance Companies floated in the State. But there are a few Insurance Companies that have established places of business here. So that it is very difficult to gather all this information.

Rama Varmha Tampuran *(Comptroller of Finance and Accounts):* Government have put in on their list about a dozen Insurance Companies. That is, they have recognised a dozen Insurance Companies for the purpose of utilising the provident fund amounts of the Government servants to pay the premia on policies. These are a few of the best companies.

Mr. C. R. Iyyunni *(Trichur-South):* The companies that are working here within the municipal limits have to pay a profession

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tax to the Municipality. Further, they have to submit their returns to the Income-tax Office also. So will it not be possible to gather the information from the income-tax authorities, Municipalities, etc.?

Mr. K. Achyuta Menon *(Secretary to Government):* Information has not been collected. Because we are going to accept this resolution, we have not collected the information.

Mr. C. R. Iyyunni *(Trichur-South):* One reason why I put this question was just to know how much amount has been drained away from this State. In connection with the *kuri* regulation I had put in a few questions relating to this matter. But the Government were unwilling to supply me with the necessary information. I do not know why this information was conveniently withheld or no enquiry was made with regard to this matter. Now Government say that they are willing to accept this resolution. I am really glad.

Mr. K. Achyuta Menon *(Secretary to Government):* Mr. President, Sir, I do not think a speech is necessary, because although there may not be a compelling necessity for a legislation of this sort, still, in view of the fact that this resolution is intended to give protection to the policy holders of the State, Government have come to the conclusion that they would accept the resolution.

Resolution accepted

RESOLUTION No. 2

Appointment of a committee to investigate and report about the available lands suitable for paddy cultivation in the State

Mr. T. A. Ramachandra Ayyar *(Nellayi):* Sir, I move the following resolution.—

"This Council recommends to the Government to appoint a committee consisting of the Diwan Peishkar, the Conservator of Forests, the Director of Agriculture and, if necessary, one or two non-officials to investigate and report about the available lands (in the reserve forests, poramboke lands and the like) suitable for paddy cultivation in the State."

The object of this resolution is to ascertain the scope of increasing the output of paddy in the State. I am told that at present the paddy grown in the State will be just sufficient to feed the population of the State for only 3 or four months in the year. For the rest we have to depend upon imported paddy. This is indeed a sad state of affairs. We must certainly aim at being self contained. Certainly there are lands now in the State which could be brought under cultivation, lands which could be converted into double crop lands instead of being single crop and there are lands which, if not suitable for paddy cultivation, may

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